

## Los Angeles Housing Department Term Sheet

### United to House Los Angeles (ULA) - Alternative Models: New Construction

<b>Program Description</b>	<p>The United to House Los Angeles (ULA) program is a sustainable funding stream dedicated to affordable housing production and homelessness prevention in the City of Los Angeles. Through ULA, the City provides funding to the City's <b>Alternative Models: New Construction Program</b>, which supports the construction of permanently affordable, tenant-led models of affordable housing.</p> <p>The Los Angeles Housing Department (LAHD) intends to release a Notice of Funding Availability (NOFA), which will provide capital financing for the creation and operation of permanent affordable multifamily rental units.</p> <p>LAHD expects to begin accepting applications on September 5, 2025. Applications will be due on October 20, 2025.</p>
<b>Available Capital Funds</b>	<p>Through this Homes for LA NOFA, LAHD will provide up to an anticipated <b>\$101.5 million</b> as part of the United To House Los Angeles (ULA) Alternative Models New Construction Program. Availability of funds for this Program is subject to approval of the proposed FY 2025-26 ULA Expenditure Plan by the Mayor and City Council. The total amount of available capital funds will be confirmed with the publication of the Homes for LA NOFA.</p>
<b>Eligible Applicants</b>	<p>Eligible Project Sponsors are public entities, local housing authorities, Community Land Trusts (CLTs), Limited Equity Housing Cooperatives (LEHCs), and 501(c)(3) non-profit entities. Partnerships such as General Partnerships, Limited Partnerships, and Limited Liability Companies (LLCs) may apply provided that the Managing General Partner is an eligible entity. A for-profit entity cannot be the Managing General Partner.</p> <p><u>Tenant Governance Experience</u></p> <p>Development teams must also demonstrate experience supporting tenant governance models. Developers that do not have capacity themselves to support tenant governance must partner with a locally-based Nonprofit organization that has a demonstrated history of managing residential properties under tenant governance models.</p> <p>Partnerships may take the form of General Partnerships, Limited Partnerships or Limited Liability Companies or other Special-Purpose Entities (SPEs) where the experienced Nonprofit has an ownership stake in the SPE, or fee-for-service contractual agreements with a Nonprofit demonstrating experience in tenant governance. Partnership documents must provide an outline of roles and responsibilities between developer and partner organization(s).</p>
<b>Eligible Projects and</b>	

<b>Requirements</b>	<p><u>Eligible Project Types:</u></p> <ul style="list-style-type: none"> <li>Projects must be new construction, including ADUs, and/or adaptive reuse of affordable housing.</li> </ul> <p><u>Project Size:</u></p> <ul style="list-style-type: none"> <li>Projects must have 40 or more units (new construction)</li> </ul> <p><u>Labor Compliance:</u></p> <ul style="list-style-type: none"> <li>Must pay prevailing wage</li> <li>All projects with 40 or more units must comply with the City of Los Angeles Department of Public Works Master Project Labor Agreement (PLA) or a specific ULA Measure-wide PLA, negotiated with mutual agreement between the Los Angeles/Orange Counties Building and Construction Trades Council and the Southern California Association of Nonprofit Housing (SCANPH), and approved by the Los Angeles City Council.</li> </ul> <p><u>Outside Leveraging:</u></p> <ul style="list-style-type: none"> <li>Leveraging of additional public sources is allowed so long as the outside funding sources do not preclude conversion to tenant ownership, permanent affordability, or any other requirements in the ULA measure and ordinance.</li> <li>These projects are not envisioned to be paired with LIHTC funding, but there is no restriction against it.</li> </ul> <p><u>Project Resale:</u></p> <ul style="list-style-type: none"> <li>Resale of rental property is restricted to Nonprofits, Limited Equity Housing Cooperatives (LEHCs) and/or Community Land Trusts (CLTs)</li> </ul>
<b>Affordability Requirements and Rent Schedules</b>	<p><u>Affordability Requirements:</u></p> <ul style="list-style-type: none"> <li>A minimum of 20% of the total project units must be restricted to Acutely Low Income (ALI) and/or Extremely Low Income (ELI) Households (15% Area Median Income (AMI) and/or 30% AMI and below, respectively).</li> <li>Up to 20% of the total project units may be unrestricted with respect to rents and household incomes if necessary to make the project financially feasible in accordance with Los Angeles Administrative Code Section 22.618.3(d)(1)(ii)(b)(4), but all other units must be restricted to be affordable to Lower Income Households (80% AMI and below).</li> </ul> <p><u>Rent Schedules:</u></p> <ul style="list-style-type: none"> <li>All deed restricted affordable units must be affordable in perpetuity with exceptions for projects needing 55-year covenants for underwriting feasibility, with AMI limits set at the project rather than unit level, and with a suggested average of 60% AMI across each project, subject to City Attorney approval of the regulatory covenant.</li> <li>LAHD will apply HUD/LIHTC income targeting and rent schedules, with</li> </ul>

	the exception of when the project or units in the project are subject to regulatory agreements that require Health and Safety Code income targeting and rent schedules.
<b>Eligible Activities</b>	<ul style="list-style-type: none"> <li>• Acquisition costs during predevelopment;</li> <li>• Predevelopment costs, including, but not limited to, costs for architectural plans and renderings, Environmental Review and Historic Preservation; and Phase I Environmental Assessment Report, Phase II Environmental Assessment Report (if required), and Lead/Asbestos Reports as defined in the Department's Affordable Housing Managed Pipeline Program Requirements (Sept. 2022);</li> <li>• Construction and financing costs, including but not limited to, demolition, off-site public improvements, construction bonds, general contractor and subcontractor payments including overhead, profit, and general conditions;</li> <li>• Soft costs related to the construction and development of the project, including conventional financing, design, program, financing, and entitlement processing, developer fees, legal fees, and professional fees;</li> <li>• Relocation and related expenses;</li> <li>• Costs associated with market-rate units provided only for the purpose of increasing project financial stability in accordance with Los Angeles Administrative Code Section 22.618.3(d)(1)(ii)(b)(4)</li> </ul>
<b>Ineligible Activities</b>	<ul style="list-style-type: none"> <li>• Substitution for any committed permanent project financing source, unless the substitution was approved at the time of commitment.</li> <li>• Costs associated with units not funded by the City of Los Angeles.</li> <li>• Reimbursement for project costs that have been paid by another project funding source, unless the reimbursement was approved at the time of commitment.</li> <li>• Travel expenses, food, or meals.</li> <li>• Application fees for other project financing.</li> <li>• Office or general organizational expenses.</li> <li>• Costs that would normally be paid by the Limited Partnership or Limited Liability Company.</li> <li>• The payment of delinquent taxes, fees, or charges on properties.</li> </ul>

<b>Loan Assistance and Term Limits</b>	<p><b>Limit:</b> The maximum loan limit is up to 80% of the Total Development Cost (TDC).</p> <p><b>Type:</b> Predevelopment, construction (including reimbursement of acquisition and predevelopment costs) and Permanent financing. Permanent loans will allow for transfer of ownership to a legal entity owned and/or controlled by residents. The loan will be structured as a residual receipts loan.</p> <p><b>Interest Rate:</b> Three percent (3%) simple interest. LAHD reserves the right to determine a lower interest rate of no less than 1% if it is found to be necessary for project feasibility.</p> <p><b>Term of Loan:</b> Sixty (60) years (i.e. a 24-month construction period followed by a 58-year permanent loan period). LAHD reserves the right to negotiate a longer term if it is determined necessary for financial feasibility.</p> <p><b>Term of Affordability Covenant:</b> The term of the affordability restrictions in the Regulatory Agreement shall be in perpetuity (or such shorter period of time as may be required by applicable law); provided, however, that for projects qualifying for LIHTC, tax-exempt bonds, or federal or state government-sponsored entity loan programs, LAHD, shall, based on a Department finding of extraordinary need, have flexibility to structure the terms in its loan documents and/or covenants or restrictions in regulatory documents, so that the project as underwritten at closing is financially feasible and compatible with such program requirements.</p> <p><b>Subordination:</b> The Regulatory Agreement for ULA designated units will <b>not</b> be subordinated. The LAHD will require other lenders (senior and junior) to execute a Subordination Agreement to subordinate to the ULA Regulatory Agreement. The LAHD will, however, generally subordinate its Deed of Trust, with right to cure, to conventional loans and other public lenders.</p>
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<b>Threshold Requirements</b>	The threshold requirements are enumerated in the table below:	
	<b>Threshold Item</b>	<b>Required Documents</b>
	<b>1:</b> Project demonstrates Financial Feasibility	<b>Document 1:</b> Completed UNOFA Application and Financial Proforma; ULA Operating Assistance applicants must also provide a Variance Analysis as part of the Proforma showing causes of operating gaps;
	<b>2:</b> Project sponsor must disclose potential conflicts of interest and legal/financial liabilities	<b>Document 2:</b> Sponsor must submit a signed certification disclosing all partnerships, corporations, all properties owned by the applicant, and other entities in which the sponsor is a principal (identities of interest, conflicts of interest and default/foreclosures);
	<b>3:</b> Project must have Site Control and Clean Title	<b>Document 3:</b> Fully Executed Purchase and Sale Agreement (PSA), Development and Disposition Agreement (DDA), etc.; and, Preliminary Title Report ; Projects applying for HUD-funded programs must also provide Proof of Voluntary Acquisition;
	<b>4.</b> Project sponsor must pass Sponsor Underwriting	<b>Document 4:</b> Project sponsor must submit the proposed ownership and management structure of the project, as well as key organizational documents of the sponsor; Project sponsor must submit Audited Financial Statements (AFSs) with lookback period of three (3) years, and a Real Estate Owned (REO) Schedule;
	<b>5:</b> Project site valuation must be supported by an appraisal	<b>Document 5:</b> Project sponsor must submit a certified appraisal;
	<b>6:</b> Project sponsor must commission Environmental Site Assessments (ESAs) and remediate hazards	<b>Document 6:</b> Project sponsor must submit recent Phase I and/or Phase II ESAs;

<b>7:</b> New Construction projects must undergo evaluation of geo-technical engineering of subsurface soils	<b>Document 7:</b> Project sponsor must submit a Soils Report;
<b>8:</b> Projects involving demolition must identify lead and asbestos hazards	<b>Document 8:</b> Project sponsors must submit an asbestos assessment and lead-based paint report. For new construction projects with complete demolition, the application may presume presence of lead and asbestos but must submit a letter indicating that all appropriate hazard abatement protocols will be followed;
<b>9:</b> Projects must show comply with architectural standards; ULA New Construction projects must meet a 40 unit count minimum	<b>Document 9:</b> Project sponsor must submit concept architectural plans and/or schematics; Applications opting for Enhanced Accessibility Program points must include compliant features as part of the submission;
<b>10:</b> Project sponsor must provide a self-score for the Homes for LA NOFA funding program for which it is applying	<b>Document 10:</b> Project sponsor must provide a Self-Score Form for Competitive Criteria, which must also certify that the applicant has fully read through the Homes for LA NOFA Regulations;
<b>11:</b> Project sponsor must provide relocation assistance to projects involving displacement of qualified households	<b>Document 11:</b> Project sponsor must provide a Relocation Project Summary Assessment
<b>12:</b> Project must comply with Housing Crisis Act (HCA), Resident Protection Ordinance (RPO), and United to House LA (ULA) replacement requirements	<b>Document 12:</b> Project sponsor must submit a Replacement Unit Determination (RUD);
<b>13:</b> Project must comply with Accessibility Standards	<b>Document 13:</b> Self-Certification Form for Compliance to Accessibility Standards;
<b>14:</b> Sponsor must commit to timely completion of work	<b>Document 14:</b> Sponsor must submit a Milestones Commitment Letter;

<b>15:</b> Sponsor must certify compliance with LAHD business policy and general City requirements	<b>Document 15:</b> Sponsor must submit an Assurances and Conditions form;
<b>21: For ULA projects with at least 40 units only</b> , construction must comply with a Project Labor Agreement	<b>Document 21:</b> For ULA-funded projects with 40 or more units, project sponsor must submit Letter of Assent attesting that it will comply with all the terms and conditions of the Board of Public Works Master Project Labor Agreement;
<b>22: For ULA Alternative Models projects only</b> , Project must address neighborhood level needs	<b>Document 22:</b> Project sponsor must submit a Statement of Public Purpose;
<b>23: For ULA Alternative Models and ULA Acquisition &amp; Rehabilitation projects only</b> , Project must address racial disparities	<b>Document 23:</b> Project sponsor must provide a Racial Equity Commitment;
<b>24: For ULA Alternative Models and ULA Acquisition &amp; Rehabilitation projects only</b> , Project incorporates tenant governance and development team has tenant governance experience	<b>Document 24:</b> Project sponsor must submit a Resident Engagement and Leadership Plan; the sponsor also shows that a member of the development team has experience pertaining to the tenant governance, including through the provision of Community Agreements, meeting minutes from Resident Councils, or through trainings and resident attestations;
<b>25: For ULA Alternative Models projects only</b> , Project sponsor must engage community to identify environmental hazards beyond baseline Environmental Site Assessments (ESA)	<b>Document 25:</b> Project sponsor must submit Enhanced Environmental Health Commitment for any projects located in an area at 80th percentile or above in the CalEnviroScreen 4.0;
<b>27:</b> List of Entities and Names of Partners	<b>Document 27:</b> Upload LAHD form naming beneficial owners of any Special-Purpose Entities (SPEs)

## Evaluation and Scoring Criteria

There will be a first priority pool within this program for CLT and CLT partnership applications.

If the project is determined to meet Threshold Criteria, the project will be subject to the below scoring table:

All New Construction Base Scoring	Points
Feasibility	30
Cost Effectiveness	10
Entitlement Readiness or By-Right/Ministerial Projects	15
Discounted Contributions of Land	5
Site Efficiency	10
Priority Geographies (TCAC Opportunity Maps)	5
Priority Populations (3BR units or Special Needs or ALI/ELI or Seniors)	5
No Relocation, or, if Relocation then Must Double Units	10
Enhanced Accessibility Program	10
<b>TOTAL BASE SCORE</b>	<b>100</b>

All ULA Alternative Models New Construction projects will be subject to the following scoring requirements:

ULA Alt Models New Construction*	Points
Affordability: Option A with Deeper Affordability with 50% Average AMI for the Deed-Restricted Units Only	5
Option B with Moderate Income (80-120% AMI) Deed-Restricted in Lieu of Market Rate	
Amenities	5
Previous Commitment of Funds (e.g., Philanthropic Funds) or In-Kind Contributions	20

All definitions for each scoring criteria are described in the primary Homes for LA NOFA Regulations.